

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF SEPTEMBER 2006

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September 6, 2006

TO: State Directors
Rural Development

ATTN: Rural Housing Program Directors

FROM: David J. Villano (*Signed by David J. Villano*)
Deputy Administrator
Single Family Housing

SUBJECT: Terming Section 502 Direct Loans for 38 Years

During the Fiscal Year 2006 Management Control Review (MCR) of the Section 502 Direct Loan Program - Field Office Operations, it was observed that not all of the conditions of a 38-year term as outlined in the 7 CFR Part 3550, Paragraph 3550.67 and HB-1-3550, Chapter 6 are being met. For initial loans, subsequent loans made in conjunction with an assumption, or subsequent loans not made in conjunction with an assumption provided the initial loan was for a period of 38 years:

- The applicant's adjusted income cannot exceed 60 percent of the area adjusted median income,
- The longer term must be necessary to show repayment ability, **and**
- The repayment period cannot exceed the useful life of the security property.

Since the additional repayment period inflates the borrower's loan amount and in turn their payment assistance, loans termed for 38 years represent an increased cost to the Agency and must be used cautiously.

Please stress to your field staff that all three of the above conditions must be met in order to consider a 38-year term. In addition, please note that when a cosigner is present it is not appropriate to provide an extended term since a cosigner is brought in to supplement the applicant's purchasing power. Also refer your staff to HB-1-3550, Paragraph 10.9 (E), which states that loans termed for 38 years should not be leveraged with market rate financing.

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Housing Programs

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

September 6, 2006

TO: State Directors
Rural Development

ATTN: Rural Housing Program Directors

FROM: David J. Villano (*Signed by David J. Villano*)
Deputy Administrator
Single Family Housing

SUBJECT: Cancellation of Residential Mortgage Credit Reports and Related Issues
Single Family Housing Direct Program

The national contract with Trans Union for credit services has been in effect for almost a year. Since assuming responsibility for contract administration and payment procedures, the National Office has observed the following local ordering activities that may result in waste of Agency funds:

- Multiple orders for the same type of credit report on the same applicant within a six month period.
- Ordering single reports on married applicants or not properly linking married applicants.
- Subsequent orders for the same type of credit report on an applicant after data entry corrections in UniFi.
- Improper use of the Cancel Credit Report Order button in UniFi.

As clearly stated in the DLOS Training Manual, the Cancel Credit Report Order button only cancels the request within UniFi; it does not cancel the request in Trans Union's system. While an infile can never be canceled, a residential mortgage credit report (RMCR) ordered in error may be cancelled if and only if the local office contacts the Rural Development Help Desk (subsequently referred to as the Help Desk) at 1-800-457-3642 (press 1 as a USDA employee and then press 4 for Rural Development Applications).

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Housing Programs

To reduce the cost to the Agency for mortgage credit reports ordered in error, the national contract has been modified to include a cancellation fee of \$12 per RMCR.

If an RMCR is ordered with incorrect borrower information, the local office must contact the Help Desk as soon as the error is discovered. The Help Desk will contact Trans Union to determine the appropriate course of action. If Trans Union has not begun investigating the RMCR, the Agency may be able to cancel the incorrect order for the \$12 cancellation fee instead of paying the full cost of the RMCR. Please note that the window of opportunity is short; the error will likely have to be found the same day of the order.

If an RMCR is ordered with incorrect borrower information and Trans Union has begun to investigate the RMCR or has completed it, the cancellation option will not be available. The local office will need to perform the appropriate corrective action listed below.

SCENARIO 1: Incorrect borrower information resulted in no credit information being pulled from the three repositories.

Trans Union will deliver a report showing no hits. Whenever there are no hits, the field staff should validate the borrower information in UniFi. **If borrower information was incorrectly entered into UniFi, the field staff must correct the information and order a new report.**

The Agency will be charged the full cost for both the first and second report.

SCENARIO 2: Borrower information was incorrect but credit information is pulled from all three repositories.

Trans Union will process the report. However, an ID mismatch alert will appear on the report indicating the input surname, address, or social security number does not match what is on file. Whenever this alert message appears, the field staff should validate and correct the borrower information in UniFi. **Unless there are compelling reasons to do so (such as discrepancies between the report and the liabilities section on the application), the field staff should not order a new report.**

SCENARIO 3: Borrower information was incorrect but credit information is pulled from some (but not all) of the repositories.

Trans Union will process the report with the repositories that pulled. Similar to scenario 2, an ID mismatch alert will appear which should prompt the field staff to validate and correct the borrower information in UniFi. **Unless information from only one repository was pulled or there are other compelling reasons to do so, the field staff should not order a new report.**

SCENARIO 4: Borrower was improperly linked to themselves instead of to their co-borrower spouse (or vice versa).

Trans Union will process a joint report, but the report will only reflect one spouse. **Using the guidance in the DLOS manual, Chapter 5, the field staff must fix the linkage and order a new joint report.**

Trans Union is not responsible for identifying and correcting errors in the Agency's ordering of a credit report. The field staff is responsible for validating the borrower information in UniFi prior to placing an order and for ensuring that the report received is sufficient.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

September 6, 2006

SUBJECT: Van B. Jorstad
Chief Financial Officer

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Program Directors
Human Resources Managers

I am pleased to announce the selection of Van B. Jorstad, as Chief Financial Officer, Operations and Management, Office of the Controller, effective September 3, 2006.

Mr. Jorstad's previous appointment was with the United States Department of the Treasury, as the Director, Office of Technical Assistance. He comes to us with a wealth of experience in strategic and financial planning, and budgeting and fiscal accountability.

Mr. Jorstad has a Master in Business Administration in Financial Management and Business Administration, and a Bachelor of Arts in Political Science, both from the University of Iowa. Mr. Jorstad also has a Diploma from the Herbert V. Prochnow American Bankers Association Graduate School of Banking from the University of Wisconsin; and a diploma from the American Bankers Association Graduate School of Commercial Lending, from the University of Oklahoma.

I know Mr. Jorstad and I can count on your support in his new position as the Chief Financial Officer. Mr. Jorstad can be reached via e-mail at Van.Jorstad@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on September 7, 2006 at 10:15am by Human Resources.
State Directors and National Office Officials should advise other personnel as appropriate.

September 7, 2006

TO: All State Directors
Rural Development

ATTN: Rural Housing Program Director

FROM: Russell T. Davis (*Signed by Russell T. Davis*)
Administrator
Housing and Community Facilities Programs

SUBJECT: Supervised Bank Accounts

This unnumbered letter is reissued in response to continued questions on the use of Supervised Bank Accounts (SBAs) with our housing programs and will replace any previous unnumbered letters on this subject.

We have clarification from the Justice Department, Treasury Department, and the Federal Deposit Insurance Corporation (FDIC) on use of employee social security numbers being required by local banks when opening an SBA. The Customer Identification Program (CIP) as required by Section 326(a) of the USA Patriot Act, Pub. L. 107-56 (2001) is required from the customer, our borrower, the depositor.

Rural Development is a government organization and is exempt from the CIP requirements of the USA Patriot Act as stated in 31 C.F.R. Sections 103.22(d)(2)(ii) and 103.121(a)(3)(ii)(B). Each of the above Departments stated that if the Government and its agencies are exempt as customers, the Government officials who have signature authority in the course and scope of their official government duties are also exempt from CIP requirements. FDIC suggested that bank compliance officers should be able to provide clarification to local banks regarding this issue.

If you have any questions regarding this memorandum, please contact Michael Feinberg of the Single Family Housing Direct Loan Division at (202) 720-3214 or Janet Stouder of the Multi-Family Housing Portfolio Management Division at (202) 720-9728.

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Housing Programs

September 12, 2006

SUBJECT: Fiscal Year 2007 Travel Authorizations

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Program Directors
Agency/Organization Program Coordinators

The Rural Development Travel Unit has been advised that employees are booking travel reservations for Fiscal Year (FY) 2007 through FedTraveler.com using funding and authorization numbers for FY 2006. This practice is inconsistent with Departmental policies, thus creating problems with accounting obligation/de-obligation reconciliation for financial managers and the National Finance Center. All travel must be completed with funds from the FY in which the travel was incurred.

Employees should not attempt to complete airline reservations for travel that will occur in FY 2007 until September 26, 2006. Airline reservations made before this date will be charged an administrative fee that is non-reimbursable. We understand that this may have an impact on requesting airline reservations, but taking these measures will eliminate budget conflicts.

If you have any questions, please contact one of the Travel Unit staff: Veronica Carroll, (202) 692-0229 or Anthony Pearson, (202) 692-0227. You may also e-mail the Travel Unit mailbox at: ssd.travel@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 9/13/06 at 11:55 a.m. by SSD.
State Directors and National Office Officials should distribute to other personnel as appropriate.

September 12, 2006

TO: State Directors
Rural Development

ATTN: Rural Housing Program Directors

FROM: David J. Villano (*Signed by David J. Villano*)
Deputy Administrator
Single Family Housing

SUBJECT: Refinancing Non-Agency Debt
Section 502 Direct Loan Program

During the Fiscal Year 2006 Management Control Review (MCR) of the Section 502 Direct Loan Program - Field Office Operations, it was observed that not all of the conditions of refinancing a non-Agency debt as outlined in the 7 CFR Part 3550, Paragraph 3550.52 and HB-1-3550, Chapter 6 are being met: In order to meet the qualifications, the following items apply:

- The purpose of the loan is to:
 - Refinance an existing home, which is not a manufactured home, that the applicant is at risk of losing through a foreclosure resulting from a delinquency beyond the applicant's control,
 - Refinance an existing home, which is not a manufactured home, that is in need of repairs totaling \$5,000 or more to correct major deficiencies and make the dwelling decent, safe, and sanitary, or
 - Refinance a building site without a dwelling.
- The debt was incurred for reasons that fall within the Section 502 program's eligible loan purposes and uses.

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FILING INSTRUCTIONS:
Housing Programs

- The primary debt was secured with a lien against the security property and was made at rates and terms that were customary for long-term residential financing in the area at the time debt was incurred.
- With existing homes, short-term or unsecured debts, which were incurred for eligible loan purposes and did not represent a significant portion of the proposed Agency loan, were only refinanced if needed to establish sound repayment ability.

Please stress to your field staff that all of the above conditions must be met in order to refinance a non-Agency debt. In addition, emphasize that an increase in the interest rate or change in terms for an adjustable rate, interest-only, short-term rate lock, or other specialty loan does not constitute a situation beyond the applicant's control and cannot be the primary consideration for refinancing.

By the end of the calendar year, a Rural Development form will be created and distributed for the field staff to send directly to the creditor for acquisition and verification of all the pertinent information needed to determine if refinancing is appropriate.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

September 15, 2006

SUBJECT: Rural Development Audit Program

TO: National Office Officials
Rural Development State Directors

ATTN: Management Control Officers
Administrative Program Directors

The Rural Development Audit Program has been updated for Fiscal Year 2007 in order to provide audit-related guidance for selected Rural Development programs. The Audit Program is effective for audit periods ending on December 31, 2005, and thereafter. The Audit Program incorporates the latest revisions to Government Auditing Standards issued by the Government Accountability Office. The following Rural Development programs are included in the Audit Program along with the appropriate Catalog of Federal Domestic Assistance (CFDA) numbers:

CFDA No. 10.415/10.427 – Rural Rental Housing Loans
CFDA No. 10.766 – Community Facilities Loans and Grants
CFDA No. 10.768 – Business and Industry Guaranteed Loans
CFDA No. 10.767 – Intermediary Relending Program
CFDA No. 10.854 – Rural Economic Development Loans and Grants

If requested, copies of the September 2006 Audit Program should be provided to Rural Development borrowers, their independent auditors, and Rural Development staff.

Copies of the Rural Development Audit Program may only be obtained via the Rural Development internet homepage at: <http://www.rurdev.usda.gov/rd/auditprogram.pdf>. Please provide the internet address to all parties interested in obtaining copies of the Audit Program.

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Administrative/Other

Questions concerning the Rural Development Audit Program may be directed to John Purcell, Director, Financial Management Division (FMD) at (202) 692-0080 or John.Purcell@wdc.usda.gov.

(Signed by Van B. Jorstad)

VAN B. JORSTAD
Chief Financial Officer
Rural Development

Sent by electronic mail on 9/20/06 at 10:00a.m by FMD.
State Directors and National Office Officials should notify other personnel as appropriate.

September 15, 2006

SUBJECT: Use of the Bank of America Travel Charge Card
Within the Local Duty Station Area

TO: Rural Development State Directors
National Office Officials

ATTN: Administrative Program Directors
Agency/Organization Program Coordinators

The purpose of this memorandum is to clarify established policy regarding the use of the Bank of America (BOA) travel charge card within the local duty station area. The United States Department of Agriculture (USDA), Departmental Regulation (DR) 2300-001, "Government Travel Card Regulation," Section 5b (1) sets forth the "USDA Zero Tolerance Policy," which strictly prohibits the use of the travel charge card within the vicinity of the official duty station or residence, unless used in connection with official travel. Use of the travel card while in an official travel status is further limited to specific situations.

The following are examples to help clarify the issue:

Example 1: Employee A is on official travel September 1 – 7, 2006, in Miami, Florida. On September 1st, he leaves his residence in Fairfax, Virginia and arrives at Ronald Reagan National Airport in Arlington, Virginia; the airport is within the vicinity of his residence and duty station. He purchases a meal and withdraws \$150 from an automated teller machine (ATM). This use of the card is consistent with Departmental regulations and is considered an authorized travel card purchase.

Example 2: Employee B has a travel authorization for an upcoming conference scheduled for September 18 – 21, 2006, in Bethesda, Maryland. She lives in Stafford, Virginia and her official duty station is Washington, DC which is within a 35-mile radius of the conference. On September 18th, she uses her travel card to purchase lunch, and then withdraws \$50 from an ATM for expenses. This use of the card is not consistent with Departmental regulations and is considered a misuse of the BOA travel card. Although Employee B has a travel authorization, she is not entitled to per diem, meals and incidentals, as stated in Rural Development Instruction 2036-A, "Travel Regulations and Policies," Section 2036.11 (b) (2).

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Administrative/Other Programs

In example two, the Agriculture Travel Regulation allows agency heads to approve a waiver of restrictions for reimbursement of per diem when either the residence or the official duty station is within a 35-radius of the employee's temporary duty station. However, the waiver is granted only for unique agency program requirements which did not apply in this situation. Examples of situations that may require a waiver include emergency requirements or for keeping employees at fire camps.

If you have any questions, please contact one of the Travel Unit staff: Veronica Carroll, (202) 692-0229 or Anthony Pearson, (202) 692-0227. You may also e-mail the Travel Unit mailbox at: ssd.travel@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic mail on 9/19/06 at 10:30 by SSD.
State Directors and National Office Officials should notify other personnel as appropriate.

September 18, 2006

SUBJECT: Guaranteed Loan System
 Clarification of Job Information

TO: State Directors, Rural Development

ATTN: Business and Cooperative Programs Directors

This unnumbered letter is a supplement to the unnumbered letter titled Guaranteed Loan System (GLS) Job Tracking Screen dated February 28, 2006, which provided guidance and clarification on tracking jobs for all Business and Cooperative Programs. The previous letter provided a calculation on full-time jobs. The Socio-Economic Benefits Assessment System (SEBAS) will calculate the Full Time Equivalent (FTE) jobs for our programs. Therefore, the jobs projected and actual should not be calculated as indicated in the previous unnumbered letter. The jobs will be the number of actual employees regardless of full-time or part-time employment status. The verification of jobs will be an on-going process until the loan is paid off or the grant agreement is no longer in effect.

We received many questions and concerns that were initiated from the previous unnumbered letter. We will attempt to answer those questions in the following question and answer format.

- 1. If a loan or grant is fully disbursed and the loan or ultimate recipient loan is over 5 years old, does the job information need to be updated?**

Answer: If the loan has been closed for over 5 years, the job information must be updated once and thereafter every 5 years. If it has been less than 5 years, the job information must be updated every year up to 5 years and thereafter every 5 years. For example, a loan was closed in 2004 but the jobs have not been verified. The jobs must be verified each year through 2009. Once that is completed, the next verification date would be in 2014, then 2019, etc. If the loan or grant was closed in 2006, jobs must be verified every year for 5 years, then once every 5 years.

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Business and Cooperative Programs

2. When a business is no longer operating (it's in bankruptcy, loss has not been paid, or they have gone out of business) does the field office have to verify the jobs?

Answer: The field office must verify one final time that there are no jobs related to that business. GLS does not accept zeros in the job tracking screen. A request to allow zeros has been forwarded to St. Louis. Please keep track of all the loans and grants in order to correct GLS when the changes are completed.

3. The job report provided to the field offices had high projected numbers and we are concerned about the validity of same.

Answer: If the borrower or grantee provides a projected number of jobs created and saved, they must be realistic and verifiable. Most grants for technical assistance will not create or save jobs. For example, if the funds are used for a feasibility study, it is anticipated that jobs will be created if the project moves forward and receives additional funding. It is on this additional funding that the jobs are actually created, not the funding for the feasibility study. The job tracking screen in GLS was designed to address the Office of Inspector General's concerns related to verifying only actual project-related jobs.

4. If a grantee uses the grant for infrastructure to an industrial park, how long must jobs be verified and for whom?

Answer: Jobs must be tracked for each business that occupies the park and continue until disposition of the grant. Grants used for business incubators follow the same rule as industrial parks. See 7 CFR 3016 and 3019 for disposition instructions. Until the Departmental regulations are changed to add a disposition timeframe, the grantee is required to continue with the project as approved and the field staff must continuously service and monitor the grant. Files can not be destroyed unless the grant is for technical assistance.

RD Instruction 2033-A provides guidance on the disposition of loan and grant files. All loans and grants must be tracked in GLS.

5. A grantee or intermediary has received multiple loans or grants to establish revolving loan funds and has combined them into one account. How are the ultimate recipients and jobs identified with the individual loans or grants?

Answer: The ultimate recipients must be prorated based on the intermediary's loan or grant amount. For example, if an intermediary has two Intermediary Relending Program (IRP) loans one for \$1 million and the other \$500,000, then the total revolving fund would be \$1,500,000. The \$1 million loan is 67 percent

and the \$500,000 is 33 percent. Therefore when an intermediary submits Form RD 1951-4 and has three new ultimate recipients listed, two would be tracked to the first loan and one would be tracked to the second loan. The same applies to a grantee with a revolving loan fund. Also in other situations where funds are fully advanced from the first loan but has revolved funds and there is a small amount left on the second, the ultimate recipient must be tracked to the loan that provides the majority of the funds. For example, if the ultimate recipient is requesting \$150,000; loan number two has a balance of only \$50,000 and the remaining amount comes from revolved funds of loan number one. Since the majority of funds are from loan number one, then the ultimate recipient must be tracked to that loan.

6. A concern was expressed having the jobs under the actual column even after an ultimate recipient's loan is paid off. Will this cause an over-estimation of jobs? Does the field staff take out the numbers when a loan is paid off (or any other non-active status), showing only the results from active loans?

Answer: Previous reporting of jobs for the IRP loans was calculated by a factor. This calculation provided the estimated number of jobs that the loan would create or save over a 30-year period. Therefore, the actual job column for that loan should contain all ultimate recipient's jobs created and saved.

7. How do you count the jobs after the first year? Do you continue to count the jobs saved from the very first year or do you count the number of jobs saved from the most recent year and then add to the created jobs column if they have created more jobs?

Answer: Scenario 1 – If you have a loan that was for expansion which created and saved jobs, you would verify the jobs that were actually created and saved due to our loan. This would be done throughout the term of the loan. The saved jobs should normally remain the same unless the business realizes a staffing reduction.

Scenario 2 – If the loan didn't create any jobs but saved jobs, i.e. loan was for debt refinancing, then the saved jobs would be verified and should remain the same. However, if at the time you verify the jobs there are new employees, you would enter the number of new employees in the created column.

Scenario 3 – If the loan only created jobs (i.e. a startup), only the jobs created would be verified.

8. We received questions on what status codes should be used at the different phases of a grant after it is obligated. They are as follows:

360	Grant agreement is executed by the grantee and the project is under construction (for example, wind turbine for an energy project).
361	Grant agreement is executed by the grantee and project construction is completed. Also, if the project is for technical assistance or a revolving loan fund and funds have not been advanced.
405	When one or more advances have been made, or total funds have been advanced, and the project is in operation. This code should be used for all grants that require monitoring and servicing by the Agency (for example, a revolving loan fund, a business incubator, energy projects, on any grant used to purchase real estate).
492	When the grant agreement is no longer in effect and the Agency has no responsibility to monitor or service the grant. When all the funds have been advanced, all performance reports have been received, and the grantee has no further requirements to address. Most projects completed with technical assistance, planning, and working capital grants will utilize this code.
496	The grant still needs to be monitored but there are no servicing requirements. Any grantee that is required to provide performance measurements after the project is completed would fall under this category. The grantee agreement may also include conditions that require monitoring after the project is completed (for example, the Value Added Producer Grant agreement requires the grantee to provide performance measurements up to 3 years after grant is completed).

Note: Any time the status code and date is completed, it should reflect the current condition of the loan or grant. The status date must be changed if the status code is changed. For example, if the loan or grant was closed on March 14, 2006, the status code would be changed to 360 and the status date would be March 14, 2006. Thereafter, if the loan or grant is paid-in-full or the grant agreement is no longer in effect on May 1, 2006, the status would be changed to the appropriate code and the status date would be May 1, 2006. Currently, many of the records in GLS do not reflect the correct status date, but mirror the obligation date or advancement of funds date. Please check your records and correct any status information that is not current.

Also, new disaster screens have been implemented in GLS. These screens are to be completed by States identified in Presidential declared disasters, for example, Hurricanes Katrina and Rita. If your State was affected by a Presidential disaster last fiscal year or this fiscal year, please update GLS for each loan or grant that is in an affected county. We are in the process of completing instructions for these screens and will forward them out to the GLS State Coordinator.

If you have any questions regarding this letter, please contact William Smith at (202) 205-0903 or Diane Berger at (202) 260-1508.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

September 18, 2006

TO: All State Directors
Rural Development

ATTENTION: Rural Housing Program Directors

FROM: David J. Villano (*Signed by Philip H. Stetson*) for
Deputy Administrator
Single Family Housing

SUBJECT: Reminder of Tax Service Fee Increase for Fiscal Year 2007

The purpose of this memorandum is to remind the States of the increase in the tax service fee for Fiscal Year 2007. The applicable tax service fee for the period of October 1, 2006, through September 30, 2007, is \$113 as outlined in HB-1-3550, Attachment 7-B.

With the conversion to the eX version of UniFi earlier this calendar year, the Good Faith Estimate and the Closing Item Default screens are no longer maintained at the field office level. The parameter will be updated at the national level.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

EXPIRATION DATE:
September 30, 2007

FILING INSTRUCTIONS:
Housing Programs

September 19, 2006

SUBJECT: Transit Benefit Program

TO: All Rural Development Employees

Please read this document in its entirety, because it contains information on deadlines to pick-up benefits for the first quarter of Fiscal Year 2007.

The Transit Benefit Program recertification process will take place beginning November 1 through December 1, 2006. All employees who wish to participate in the Transit Benefit Program are required to submit a completed AD-1147, "Department of Agriculture Public Transportation Benefit Program Application." Use blue or black ink when completing all forms for the Transit Benefit Program. National Office Employees **only**, who participate or want to participate in the Smart Benefits Program need to complete a "Department of Transportation (DOT) Transerve Smart Benefits Application" and provide a legible copy of the back of their Smart Benefits Program card with their application. Both forms are attached to this document. In the "Action Requested" section of the AD-1147 put a check mark next to "Recertification" for all recertification applications. Do not mark the "Change" block. For new hires, put a check mark next to "New" in the "Action Requested" section of the AD-1147.

Applications need to be completed fully. Any application that is not completed will be returned to the applicant. Only original forms with original signatures will be accepted. Employees located in the Washington, DC metropolitan area need to mail their completed application to Judy Steer, Agency Transit Coordinator, at Mail Stop 0740. Employees located in the field need to submit their completed application to their State or St. Louis Field Transit Coordinator (see attached list) by November 17, 2006. If there is no designated Transit Coordinator for your area, please contact your local Human Resources Office.

The Department has established December 1, 2006, as the deadline to submit applications. Applications must be in the possession of the Department of Transportation by December 1, 2006. The deadline to submit applications to the National Office is November 24, 2006. The deadline to submit applications in field locations to the local Transit Coordinator is November 17, 2006. **Currently enrolled employees who do not recertify before the closing date of December 1, 2006, will be automatically dropped from the Transit Benefit Program and their benefits will cease on January 1, 2007.**

EXPIRATION DATE:
December 31, 2006

FILING INSTRUCTIONS:
Administrative/Other Programs

Those eligible employees who do not recertify by December 1, 2006, may reapply but there will be no guarantee that benefits will be processed in time for the next faremedia distribution.

Due to the variables associated with the National Office faremedia distribution, the following will occur:

- The December scheduled make-up distribution is cancelled.
- Currently enrolled employees must pick-up first quarter (October/November/December) faremedia by close of business (COB) on December 1, 2006. (Smart Benefit participants must download benefits by COB, December 1, 2006.)
- After December 1, 2006, only new hires will be authorized to pick-up at the DOT Services Window any business day in December.

The AD-1147 with instructions is available at <http://www.usda.gov/da/shmd/wlforms.htm>. If you have any questions, please contact Judy Steer, Agency Transit Coordinator, at (202) 692-0012 or by e-mail to judy.steer@wdc.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Attachments

Sent by electronic mail on 9/19/06 at 3:45 p.m. by PAS.

**DEPARTMENT OF AGRICULTURE
PUBLIC TRANSPORTATION BENEFIT PROGRAM APPLICATION**

(Please type or print legibly in blue or black ink)

ACTION REQUESTED (CHECK ONE): ☐ New ☐ Change ☐ Cancellation ☐ Recertification ☐ Temporary NTE DATE: _____

NOTE: Items 1 through 12, and the reverse side of this form must be completed in full before submitting to your designated Commuter Benefit Coordinator.

APPLICANT INFORMATION

1. NAME OF APPLICANT (Last, First, Middle Initial)	2. WORK ADDRESS (Street, City, State, Zip Code) (If applicable: Div/Unit, Rm #/ Sub Unit) E-MAIL ADDRESS (Optional):	3. HOME ADDRESS (Street, City, State, Zip Code)
4. USDA AGENCY CODE (See Codes Below)	5. EMPLOYEE SOCIAL SECURITY NUMBER (last 4 numbers): _____	6. WORK TELEPHONE NUMBER
7. MODE (S) OF TRANSPORTATION TO BE USED DAILY TO COMMUTE TO AND FROM WORK. <input type="checkbox"/> Bus <input type="checkbox"/> Light Rail <input type="checkbox"/> Subway <input type="checkbox"/> Ferry <input type="checkbox"/> Train <input type="checkbox"/> Authorized Vanpool <input type="checkbox"/> Other (Specify) _____	8. TYPE OF FARE MEDIA YOU USE. <input type="checkbox"/> Fare card <input type="checkbox"/> Tickets <input type="checkbox"/> Pass <input type="checkbox"/> Tokens <input type="checkbox"/> Voucher <input type="checkbox"/> SmarTrip Card <input type="checkbox"/> Other (Specify) _____	9. TYPE OF REDUCED FARE PUBLIC TRANSPORTATION RATE YOU RECEIVE. <input type="checkbox"/> Disability <input type="checkbox"/> Senior Citizen
10. Prior to applying for this benefit, how did you commute to work (Check One) <input type="checkbox"/> Drive <input type="checkbox"/> Bus <input type="checkbox"/> Train <input type="checkbox"/> Vanpool <input type="checkbox"/> Ferry <input type="checkbox"/> Other		

EMPLOYEE CERTIFICATION

WARNING: This certification concerns a matter with the jurisdiction of an agency of the United States and making a false, fictitious, or fraudulent certification may render the maker subject to criminal prosecution under Title 18, United States Code, Section 1001; Civil Penalty Action, providing for administrative recoveries of up to \$10,000 per violation; and/or agency disciplinary actions up to and including removal from Federal Service.

- I certify I am employed by the Department of Agriculture.
- I certify I am eligible for a public transportation fare benefit. I will use it for my daily commute to and from work. I will not give, sell, or transfer it to anyone else.
- I certify I am not a member of a carpool. I do not receive disability or executive parking privileges.
- I certify the monthly transit benefit I am receiving does not exceed my monthly commuting costs.
- I certify that in any given month, I will not use the Government-provided transit benefit in excess of the statutory limit. If my commuting costs per month on public transportation exceed the monthly statutory limit, then I will continue to use public transportation and will supplement those additional costs with my own funds.
- I certify I am responsible for returning ALL partially used and unused fare media to my agency's designated Commuter Benefit Coordinator three working days before my effective date of reassignment, transfer, resignation, retirement, etc.
- I certify my usual monthly public transportation commuting costs (excluding any parking costs) are \$_____ (amount is taken from completed worksheet on back page).

11. SIGNATURE OF EMPLOYEE	12. DATE
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VERIFICATION – COMMUTER BENEFIT COORDINATOR

13. NAME OF COMMUTER BENEFIT COORDINATOR	14. AGENCY MAXIMUM BENEFIT (Enter monthly payable amount for each participant based upon commuting costs and statutory limitations, agency policy, Union Negotiations, etc.).
15. SIGNATURE OF COMMUTER BENEFIT COORDINATOR	16. DATE

PRIVACY ACT STATEMENT

This information is solicited under authority of Public Law 101-509. Furnishing the information on this form is voluntary, but failure to do so may result in disapproval of your request for a public transportation transit fare benefit. The purpose of this information is to facilitate timely processing of your request, to ensure your eligibility, and to prevent misuse of the funds involved. This information will be provided to the Department of Transportation to administer this program and to ensure that you are not listed as a carpool participant or a holder of any other form of vehicle work site parking permit with USDA or any other Federal Agency.

AGENCY CODES

01 Office of the Secretary	18 Economic Research Svc	38 Office of Chief Economist
02 Agricultural Marketing Svc	20 National Agricultural Statistics Svc	42 Office of Budget and Program Analysis
03 Agricultural Research Svc	22 Cooperative State Research, Education, and Extension Svc	90 Office of the Chief Financial Officer
07 Rural Housing Svc	23 Office of Inspector General	DA Departmental Administration
08 Risk Management Agency	30 Food and Nutrition Svc	EO Office of Civil Rights
10 Foreign Agricultural Svc	32 Rural Business-Cooperative Svc	ES Office of the Executive Secretariat
11 Forest Svc	34 Animal and Plant Health Inspection Svc	FA Farm Service Agency
13 Office of Communications	36 Grain Inspection, Packers, & Stockyards Administration	IT Office of the Chief Information Officer
14 Office of General Counsel	37 Food Safety and Inspection Svc	NA National Appeals Division
15 Rural Utilities Svc		SC National Sheep Industry Improvement Center
16 Natural Resources Conservation Svc		

COMPLETE PUBLIC TRANSPORTATION BENEFIT EXPENSE WORK SHEET ON BACK

AD -1147 dated December 30, 2005 (Revised - other versions of form are obsolete)

PUBLIC TRANSPORTATION BENEFIT EXPENSE WORK SHEET

NOTE: USDA Form AD-1147, Public Transportation Benefit Program Application, requires USDA participants to calculate their usual monthly mass transit commuting cost to the nearest dollar for their daily commute to and from work. This work sheet must be completed to receive transit subsidy benefits.

INSTRUCTIONS: Calculate your total monthly mass transit expenses by the way you pay for your **roundtrip daily commute to and from work**. Using the work sheet below, select your mode of mass transportation and identify the **roundtrip cost based on how you pay (i.e. daily, weekly, monthly) for your fare media and convert all costs to a total monthly amount**. **REMINDER:** It is possible that an employee may have a combination of daily, weekly or monthly expenses in computing his/her total monthly commuting costs.

REMEMBER: Parking fees are not allowed and cannot be included when computing monthly transit costs. If you are a person with a disability or a senior citizen receiving reduced rates, you must calculate the reduced fare rate you pay.

MODE OF TRANSPORTATION	DEPARTURE LOCATION	NAME OF COMPANY	DAILY EXPENSE	WEEKLY PASS EXPENSE	MONTHLY PASS EXPENSE
Bus (circle applicable)			\$	\$	\$
Local - Commuter - County					
Rail (circle applicable)			\$	\$	\$
Light Rail - Subway					
Commuter Train			\$	\$	\$
Vanpool (authorized)			\$	\$	\$
Ferry			\$	\$	\$
Other (Specify)			\$	\$	\$
TOTAL COST			\$	\$	\$

CONVERTING DAILY AND WEEKLY COST TO MONTHLY COST

40 HOUR WORKWEEK SCHEDULE CONVERSION

8 HOUR WORK DAY CONVERSION			9 HOUR WORK DAY CONVERSION			10 HOUR WORKDAY CONVERSION		
Daily Cost	No. Days Worked	Total Cost Per Month	Daily Cost	No. Days Worked	Total Cost Per Month	Daily Cost	No. Days Worked	Total Cost Per Month
\$	x's 21	\$	\$	x's 19	\$	\$	x's 17	\$

LESS THAN 40-HOUR WORKWEEK SCHEDULE CONVERSION

Complete this section if your work schedule has you out of the official duty station location for less than 40 hours per week.
(i.e. telework, part-time, regularly scheduled travel, etc.)

Daily Mass Transit Cost	Number of Days Worked Per Month	Total Daily Cost Per Month
\$	x	\$

WEEKLY PASS CONVERSION (If applicable)

Weekly Mass Transit Cost	Number of Weeks Per Month	Total Weekly Cost Per Month
\$	x 4	\$

NOTE: If the scheduled number of hours you work per month changes, see your Commuter Benefit Coordinator for options.

TOTAL MONTHLY COMMUTING COSTS

TOTAL DAILY COST PER MONTH (if applicable)	\$
TOTAL WEEKLY COST PER MONTH (if applicable)	\$
TOTAL MONTHLY COST PER MONTH (if applicable)	\$
GRAND TOTAL OF MONTHLY COMMUTING COSTS (rounded to the nearest dollar). Transfer to front page under Employee Certification.	\$

EMPLOYEE CERTIFICATION

NAME OF EMPLOYEE (Please print name)	SIGNATURE OF EMPLOYEE	DATE

SUPERVISOR CERTIFICATION OF WORK SCHEDULE

NAME OF SUPERVISOR (Please print name)	SIGNATURE OF SUPERVISOR	DATE

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